

# Homes Affordable for Good



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# What is a Community Land Trust?



- Democratically controlled, nonprofit organization
- Committed to holding land for socially valuable purposes including:
  - Perpetually Affordable Housing

# Affordable Housing and Healthy Communities



- Economic Diversity is essential to a healthy local economy
- For many communities, the cost of housing makes them completely unaffordable.





# Perpetually Affordable Homeownership



- CLTs are stewards of affordability, an vital part of human ecology.
- CLTs often develop the homes they make affordable.
- Sometimes CLTs just partner with homebuyer.

# CLTs and Affordable Housing

- Conservation Land Trust makes sure its land is forever protected for the benefit of the environment.
- Community Land Trust makes sure its affordable housing stays affordable for the benefit of the community.

# CLTs and Affordable Housing

- Conservation Land Trust gets a promise that land will not be developed.
- Community Land Trust have subsidized homeowners promise:
  - to live in the home until they want to sell and
  - then to pass the good deal on to another qualified household.

# Keeping Housing Affordable

- Before CLTs, affordability promises like these were part of the financing arrangements.
- These restrictions kept the housing affordable for 5-30 years, but often did not survive refinancing or resale.

# Keeping Housing Affordable

- CLTs make the affordability promises part of the ownership of the property.
- The housing is affordable forever,
  - no matter how often the mortgage is paid off,
  - no matter how often the property is resold.



# Resale Example-CLT

## Original Sale

- CLT sells \$250K house for \$100K
- Moderate income homebuyer promises to pass the good deal on

## First Resale—9 years later

- House now worth \$500K
- Orig. homeowner sells to CLT or new mod. income homebuyer
- not at \$500K, but at resale formula price, perhaps \$200K.

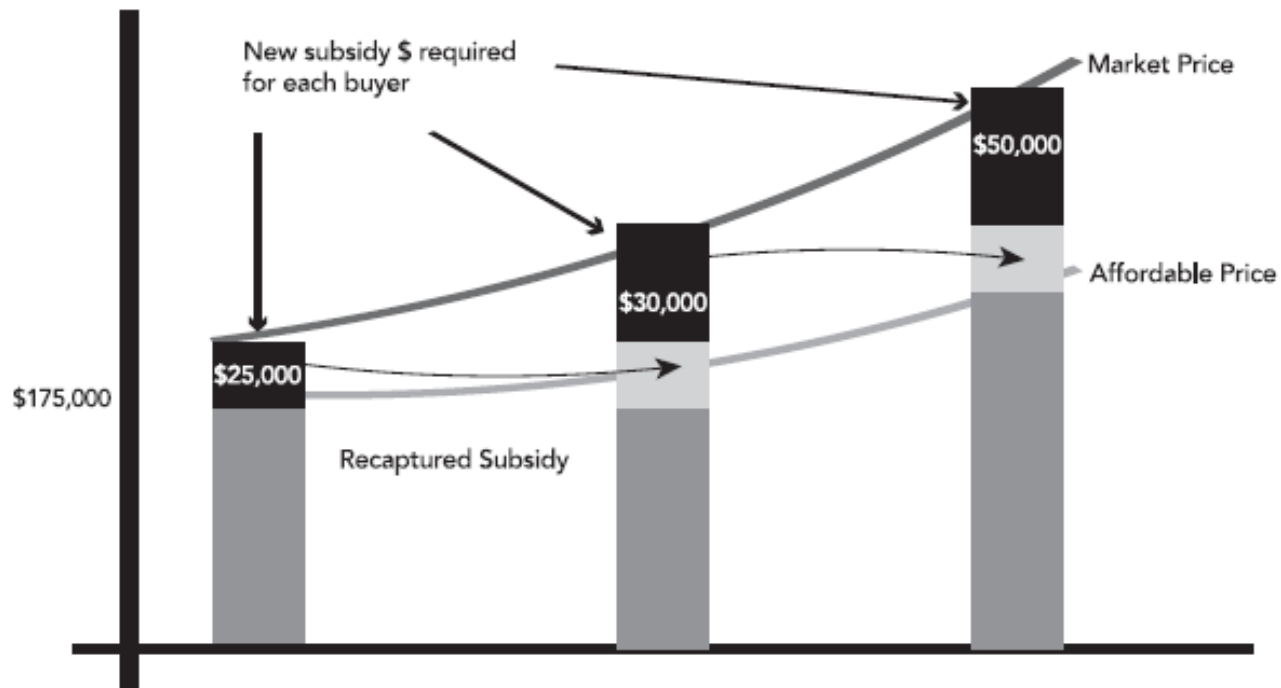
# CLTs offer Subsidy Retention

- Like Inclusionary Zoning projects, CLTs provide a mechanism for keeping housing subsidy with a particular property
- Subsidy Recapture programs (e.g. deferred loans) require reinvestment of funds that may buy less in rapidly appreciating real estate market

# Subsidy Retention v. Subsidy Recapture

Figure 4.2

**Reinvestment of Recaptured Subsidies Still Leaves a Growing Affordability Gap<sup>147</sup>**



Source: Davis, Shared Equity  
Homeownership

# Making Affordability Forever

- CLTs make the promises part of the ownership of the property by having the homeowner either:
  - Lease the property from the CLT and make the promises part of the lease, or
  - Make the promises as covenants that are recorded against the property.